



Ninety-Eighth Legislature - Second Session - 2004
Committee Statement
LB 1034

Hearing Date: January 29, 2004

Committee On: Revenue

Introducer(s): (Landis)

Title: Change the estate tax rate

Roll Call Vote – Final Committee Action:

- X Advanced to General File
 - Advanced to General File with Amendments
 - Indefinitely Postponed
-

Vote Results:

7	Yes	Senators Bourne, Baker, Hartnett, Janssen, Landis, Raikes, and Redfield
0	No	
0	Present, not voting	
1	Absent	Senator Connealy

Proponents:

Senator David Landis
Doug Deitchler
Professor John Gradwohl
Robert J. Hallstrom

Representing:

Introducer
Himself
Himself
National Federation of Independent Business

Opponents:

None

Representing:

Neutral:

None

Representing:

Summary of purpose and/or changes:

LB 1034 would amend section 77-2101.03 to change rates with regard to the Nebraska estate tax. Currently, the rate on the first \$100,000 of taxable estate is 41 percent. The tax bracket from \$100,000 to \$500,000 is then taxed at 6.4 percent and the rates increase by 0.8 percent for each bracket thereafter. The high 41 percent first bracket rate was designed to mimic the state tax received under the pre-2002 system, where the allowable state death tax credit was fulfilled first before any federal tax at the 41 percent federal rate was collected.

Under, LB 1034, the tax rate on the first \$100,000 of taxable estate would be reduced to 5.6 percent. The actual tax would be the larger of the state death tax credit allowed or the tax at the 5.6 percent rate. To make up for the lost revenue, an additional rate bracket would be created at \$3.5 million. Therefore, for taxable estates greater than \$3.5 million, the marginal rate of taxation would be 0.8 percent higher. The highest rate would be increased from 16 percent for estates over \$9 million to 16.8 percent. The bill would be effective retroactive to July 1st, 2003 and it carries the emergency clause.

Explanation of amendments, if any:

Senator David Landis, Chairperson